



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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November 18, 2002

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

SUBJECT: IMPROVING MANAGED CARE PLAN COLLECTIONS

As indicated would be forthcoming in my letter to you dated August 4, 2002, this is to provide our second quarterly (1st quarter 2002-03) report on our progress in improving managed care billing and collections.

- The Ad Hoc Committee comprised of County Counsel, facility designated physicians, Patient Financial Services Directors, Chief Financial Officers, and Utilization Management Directors have met on four (4) occasions. The meetings have been to review the current facility procedures, identify ways to improve the authorization process, develop revised policies and procedures, and enrich the knowledge base of physicians and other designated facility personnel through a training program. This Ad Hoc Committee continues to meet.
- Revenue Management (RM) is working with two (2) private hospitals in the area to schedule site visits to observe their authorization process to get a better understanding of how Department of Health Services (DHS) can obtain the appropriate authorizations without violating the Emergency Medical Treatment and Active Labor Act (EMTALA) guidelines. Our first site visit will be the week of December 2, 2002.
- RM received a settlement offer of \$2.6 million from Maxicare for DHS pre-petition emergency service claims on September 26, 2002. DHS and County Counsel recommended that this offer be accepted and was formally approved by the DHS Chief Operating Officer. We anticipate payment sometime in the late fall.
- RM received Maxicare's final payment of \$413,550 for all post-petition emergency services claims on September 30, 2002.

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- RM received a verbal settlement offer on October 1, 2002, of \$1 million from Health Net for all outstanding emergency services claims for Calendar Years (CY s) 1999 and 2000. On the advice of County Counsel, the offer was accepted on October 7, 2002. County Counsel is working with Health Net's attorney on the settlement agreement language. DHS should expect payment by December 15, 2002. RM has begun to compile claims information from facilities for outstanding emergency services claims for CY's 2001 and 2002 to present to Health Net by the first week of December 2002.
- RM and County Counsel are continuing settlement negotiations with Molina and Universal.
- RM and County Counsel continue to participate in the Watts Creditors Committee to resolve outstanding Watts Healthcare pre-conservatorship claims.
- RM continues to meet regularly with Care 1st to monitor claims processing to ensure a backlog does not exist.
- RM, DHS, and County Counsel met with Blue Cross on October 15, 2002, to discuss and reach resolution on unpaid claims by the end of the calendar year.
- RM participated in facilities' Ambulatory Care Council meetings to review and present managed care plan procedures.

The Department will continue to provide quarterly reports to the Board on progress in improving managed care billing and collection. The next report is due February 2003.

If you have any questions, please let me know.

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c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
Fred Leaf
Gary W. Wells